

N2 FUNDING PRIME AND PLUS CONNECT PRODUCT MATRIX

EXPRESS DOC, ASSET UTILIZATION, BANK STATEMENT				
PRIMARY RESIDENCE				
TRANSACTION TYPE	CREDIT GRADE	MAX LOAN AMOUNT	MAX LTV/CLTV	MIN FICO
PURCHASE RATE AND TERM	PRIME Connect	\$1,000,000	90% (Purchase Only)	700
		\$1,500,000		720
		\$2,000,000	85%	700
		\$3,000,000	80%	720
	PLUS Connect	\$1,000,000	90% (Purchase Only)	720
		\$1,500,000	85%	660
		\$2,000,000	80%	620
		\$2,500,000	75%	680
CASH OUT	PRIME Connect	\$1,000,000	80%	720
		\$1,500,000	75%	700
		\$2,000,000	70%	
	PLUS Connect	\$1,000,000	75%	680
		\$1,500,000	70%	660
SECOND HOME				
TRANSACTION TYPE	CREDIT GRADE	MAX LOAN AMOUNT	MAX LTV/CLTV	MIN FICO
PURCHASE RATE AND TERM	PRIME Connect	\$1,000,000	80%	720
		\$1,500,000	75%	700
		\$2,000,000	70%	
	PLUS Connect	\$1,500,000	75%	660
		\$2,000,000	70%	640
CASH OUT	PRIME Connect	\$1,500,000	70%	720
		\$2,000,000	65%	700
	PLUS Connect	\$1,000,000	70%	700
		\$1,500,000	65%	680
INVESTMENT				
TRANSACTION TYPE	CREDIT GRADE	MAX LOAN AMOUNT	MAX LTV/CLTV	MIN FICO
PURCHASE RATE AND TERM	PRIME Connect	\$1,000,000	80% (Purchase Only)	700
		\$1,500,000	75%	680
	PLUS Connect	\$1,500,000	75%	680
CASH OUT	PRIME Connect	\$1,500,000	70%	700
	PLUS Connect	\$1,500,000	65%	680
*Asset Utilization <ul style="list-style-type: none"> Primary and 2nd home – Maximum LTV/CLTV of 80% Investment Property – Max LTV/CLTV of 65% Cash out – Max 60% LTV/CLTV 				

FLEX CONNECT					
FNMA DU®/DO® DOCUMENTATION					
OCCUPANCY	TRANSACTION TYPE	CREDIT GRADE	MAX LOAN AMOUNT	MAX LTV/CLTV	MIN FICO
PRIMARY	PURCHASE RATE AND TERM	PRIME Connect	\$2,500,000	80%	680
		PLUS Connect		80%	620
	CASH OUT	PRIME Connect		75%	680
		PLUS Connect		75%	620
SECOND HOME	PURCHASE RATE AND TERM	PRIME Connect		75%	700
		PLUS Connect		75%	640
INVESTMENT	PURCHASE RATE AND TERM	PRIME Connect		70%	680
		PLUS Connect		70%	680

ASSET CONNECT					
ASSET ONLY DOCUMENTATION					
OWNER OCCUPIED					
TRANSACTION TYPE	CREDIT GRADE	MAX LOAN AMOUNT	MAX LTV/CLTV	MIN FICO	
PURCHASE RATE AND TERM	PRIME Connect	\$1,000,000	80%	720	
		\$1,500,000	75%		
		\$2,000,000	70%		
SECOND HOME					
PURCHASE RATE AND TERM	PRIME Connect	\$1,000,000	75%	720	
		\$1,500,000	70%		
PRODUCTS	7/6 ARM	7/6 ARM I/O	30-Yr Fixed and I/O	40-Yr Fixed I/O	40-yr I/O ARM
LOAN AMOUNT	All Programs	Minimum - \$125,000			
INTEREST ONLY	PRIME Connect	Max 85% LTV/CLTV- Min 700 FICO			
	PLUS Connect	Max 85% LTV /CLTV - Min 680 FICO			
	FLEX Connect	Max 80% LTV/CLTV			
QUALIFICATION	PRIME Connect PLUS Connect ASSET Connect	7/6 - greater of Note Rate or the Fully Indexed Rate (rounded)			
	FLEX Connect	7/6 – greater of Note Rate or the Fully Indexed rate			
		<ul style="list-style-type: none"> For I/O's calculate payment based on (1) the Qualifying Rate described above, (2) the original balance, and (3) a term that equals the amortization term (i.e. 360 months for 40 year I/O). Qualifying payment for I/O must include principal component. 			
DTI	PRIME Connect	> 85% LTV/CLTV	45% DTI		
	PLUS Connect	≤ 85% LTV/CLTV	50% DTI		
	FLEX Connect	Per DO®/DU® (max of 50% DTI)			
	ASSET Connect	No DTI calculated			

BORROWER	Non-Occupant Co-Borrower	PRIME Connect ASSET Connect	Max 85% LTV/CLTV, Primary Purchase & R&T, 1 Unit Only Eligible with blended ratios	
		PLUS Connect	Per FNMA/DO®/DU®	
		FLEX Connect	Per FNMA/DO®/DU®	
	Non-Permanent Resident Aliens	PRIME Connect PLUS Connect ASSET Connect	Max 80% LTV, Primary Purchase & R&T; 1 Unit Only	
		FLEX Connect	Per FNMA/DO®/DU®	
<ul style="list-style-type: none"> Limited Partnerships, General Partnerships, Corporations, Limited Liability Company – Eligible First Time Homebuyers - Eligible Foreign Nationals - Ineligible FLEX Connect – All borrowers must have a valid SSN 				
FIRST TIME INVESTOR	PRIME Connect, PLUS Connect	Eligible with a 5% LTV/CLTV reduction		
	FLEX Connect	Per FNMA/DO®/DU®		
CREDIT EVENTS	PRIME Connect ASSET Connect	Short Sale, Foreclosure, Bankruptcy		12 Month Housing History
		4 Years BK - Ch 7, 11: Based on discharge or dismissal date BK - Ch 13: Paid as agreed based on filed date BK - Ch 13: Payment history shows no 30-day lates Note: Cash out cannot be used to settle; BK must have been settled prior to application	0 x 30 x 12	
	PLUS Connect	2 Years 1-year (additional LLPA applies)	0 x 60 x 12	
	FLEX Connect	Follow applicable PRIME or PLUS Connect credit grades		PRIME: 1 x 30 x 12 (per DO/DU®), no rolling
				PLUS: 0 x 60 x 12
For loan casefiles with credit events outside of FNMA allowances, "Extenuating Circumstance (EC)" override in DO®/DU® may be used. The loan must still fall within PRIME Connect or PLUS Connect requirements for seasoning. See Underwriting Guidelines for details.				
QUALIFYING FICO	Express Doc, FLEX and ASSET Utilization: Primary wage earner			
	Bank Statement:			
	<ul style="list-style-type: none"> Primary wage earner. Borrowers with 50/50 split ownership, need to use the higher of the two mid-FICO scores 			
ASSET Connect: Highest mid-FICO				
No borrower can have a middle FICO score less than: 680 (PRIME Connect), 620 (PLUS Connect), 720 (ASSET Connect)				
FLEX Connect – Per FNMA/DO®/DU® (see above matrix for minimum qualifying FICO requirements)				
RESERVES	PRIME Connect	≤\$2,000,000	6 months	
		>\$2,000,000	9 months	
	PLUS Connect	≤\$1,000,000	3 months	
		≤\$2,000,000	6 months	
		>\$2,000,000	9 months	
		R/T Refi, Up to 60% LTV, Min 0x30x12	No reserves needed	
	FLEX Connect	Per FNMA/DO®/DU®		
	ASSET Connect	12 months		
	Departing Residence Pending Sale: An additional 6 months PITIA reserves is required if payment is being excluded and property is under contract.			
For FLEX Connect , follow FNMA/DO®/DU® requirements.				

GIFT FUNDS	<ul style="list-style-type: none"> Primary Purchase Only >80% LTV/CLTV - Borrower must have 10% of their own funds documented but not required to use <80% LTV/CLTV - Borrower must have 5% of their own funds documented but not required to use Gift of equity eligible to a max 75% LTV (Primary Only) FLEX Connect – Follow FNMA for all gift, gift of equity and minimum borrower contribution requirements. 			
	If minimum borrower contribution % is not used towards the down payment, those funds can be used towards reserves.			
MAX CASH OUT	Product	≥65% LTV/CLTV	<65% LTV/CLTV	≤50% LTV/CLTV
	PRIME Connect	\$500,000	\$750,000	\$1,000,000
	PLUS Connect	\$350,000	\$500,000	Unlimited
	FLEX Connect	PRIME Connect	\$500,000	
PLUS Connect		\$350,000		
CASH OUT TRANSACTION	<ul style="list-style-type: none"> Cash-Out permitted to meet reserves for all programs. Borrower must have owned the property for a minimum of 12 months prior to the application date except for FLEX Connect which will follow FNMA guidelines. 			
ASSETS	Most Recent 2 months Asset Statements, Quarterly Statement or FNMA approved third party direct pull services 100% value of Bank Accounts, Stocks, Bonds, Mutual Funds, Retirement Accounts at vesting percentage			
INCOME DOCS (See guidelines for more details)	Full Doc Connect		Express Connect	
	<ul style="list-style-type: none"> Eligible with PRIME Connect and PLUS Connect Wage Earner = 2-years W2s plus most recent YTD paystub with at least 30 days earnings or Electronic WVOE (i.e. The Work Number) and 2 years W2 (or tax transcripts may be used) Self-Employed = 2 year personal and business tax returns with YTD P&L 		<ul style="list-style-type: none"> Wage Earner = 1-year W2s plus most recent YTD paystub with at least 30 days of earnings or Electronic WVOE (i.e. The Work Number) and 1-year W2 (or tax transcripts may be used) Self-Employed = 1-year personal and business tax returns with YTD P&L 	
	Bank Statement Connect		Asset Utilization	
	Eligible with: <ul style="list-style-type: none"> PRIME Connect PLUS Connect FLEX Connect 		<ul style="list-style-type: none"> Qualified assets with draw schedule of 7 years FLEX Connect – Follow FNMA guides w/ a 10-year draw 	
BANK STATEMENT INCOME	<ul style="list-style-type: none"> 12 months most recent Personal or Business bank statements 2-year history of business ownership - greater than 1-year but less than 2 can be considered case by case. Business ownership - Minimum of 25% ownership 			
	<ul style="list-style-type: none"> Follow FLEX Connect Follow DO®/DU® findings with min 1-year verification of income Electronic WVOE (i.e. The Work Number) is acceptable Bank Statement product is eligible with FLEX features 			

BANK STATEMENT INCOME		BUSINESS BANK STATEMENTS	
<p><i>(Continued)</i></p>		Borrowers who are using more than 3 separate bank accounts must qualify using personal bank statements	
		Option 1 – FIXED EXPENSE RATIO	Option 2 - THIRD PARTY EXPENSE RATIO
		<p>All business will qualify using a 50% expense ratio if one of the following options are not applicable:</p> <p>a) 70% Expense Ratio</p> <ul style="list-style-type: none"> • Real Estate Development/Contractors, Heavy Manufacturing, Retail stores, Travel/Hotel/Vacation, Restaurant/Food services, Jewelry/ Precious Metals <p>b) 20% Expense Ratio (restricted as follows)</p> <ul style="list-style-type: none"> • Service business (no goods, parts or materials needed) • Sole practitioner (no partners, employees or contractors) • Works out of the home (does not rent any space office/warehouse) • Does not require any heavy equipment/ machinery/ vehicles 	<p>(CPA/Tax Attorney/Enrolled Agent/PTIN)</p> <ul style="list-style-type: none"> • 20% Floor • 3rd party must have filed most recent business tax returns • Tax Professional must verify the borrower’s ownership percentage – 20% floor <p>To determine net income, multiply eligible business deposits by the following:</p> <p>100% minus the Expense Ratio as described above.</p>
PERSONAL BANK STATEMENTS		<ul style="list-style-type: none"> • 12 months personal bank statements – average total eligible deposits • 2 months of business bank statements must be provided to validate borrower utilizes separate bank accounts 	
FLEX CONNECT		<ul style="list-style-type: none"> • FLEX program will utilize Fannie Mae Desktop Underwriter (DO®/DU®) with the added guideline allowance of PRIME Connect and PLUS Connect benefits for ease of process. • The loan will be underwritten to the FLEX program matrix, the DO®/DU® Findings, and the overlays noted below. Any items not addressed in this section will default to FNMA/DO®/DU® guidelines. • This is a Non-QM program. Refer to full matrix and guidelines for additional process details 	
<p><i>(DO®/DU® Documentation and Bank Statement Income)</i></p>	Underwriting Process	<ul style="list-style-type: none"> • FNMA DO®/DU® is required • FHLMC LP® is not allowed • For underwriting guidelines not addressed in this document or UW Guidelines, please reference the Fannie Mae Seller Guide for details 	
	DO®/DU® (AUS) Requirements	<ul style="list-style-type: none"> • Approve/Eligible • Approve/Ineligible (due to loan amount, loan structure, Interest Only, property (non-warrantable condo) and credit event. • Refer to Credit Event section for details • Note: Refer or Caution findings will not be eligible for delivery, however may be eligible under Connect Prime or Connect Plus Program and considered a manual UW. 	
ASSET CONNECT		<ul style="list-style-type: none"> • Eligible with PRIME Connect only • Borrowers are qualified using assets, rather than a traditional source of income <input type="checkbox"/> Additional income not permitted when Asset Connect program is being used. • Assets must be verified to cover the loan amount (subject property) with sufficient additional reserves to cover all monthly debt (revolving, installment, alimony/child support, and other monthly debt) for a period of no less than 2 years, plus the program reserve requirement. • A DTI will not be calculated when the borrower is qualifying on assets alone. 	
<p>TRADELINES</p>	PRIME Connect PLUS Connect ASSET Connect	<p>Each borrower must have 2 trade lines ≥ 12 months</p> <ul style="list-style-type: none"> • Tradeline may be opened or closed • Tradeline activity is not required. Eligible tradelines cannot have any derogatory history in previous 24 months • Current housing not reporting on credit can be considered an open trade if supported by bank records (cancelled checks/debits) • Borrower(s) not using income to qualify are not required to meet the minimum tradeline requirements listed above. • No authorized user accounts will be used to satisfy minimum tradelines 	
	FLEX Connect	Follow DO®/DU® Findings	

<p>PROPERTY</p>	<p>Primary 1-4 Units / Second Home 1 Unit /Non-Owner 1-4 Units</p> <p>Rural Properties - eligible for PRIME, PLUS and FLEX Connect</p> <ul style="list-style-type: none"> Primary Residence – Max 75% LTV/CLTV 2nd Home – Max 70% LTV/CLTV Must be primarily for residential use <p>Max Financed Properties - 15 residential</p> <p>Live/Work Condos – Follow FNMA</p>	<p>Max Acreage - Max 10 acres</p> <p>Properties with Business and Residential Use</p> <ul style="list-style-type: none"> Eligible for PRIME, PLUS and FLEX Connect Must be a primary residence 10% LTV/CLTV reduction – 65% LTV/CLTV floor Max 4-Units <p>Declining Markets requires a 5% LTV reduction</p>																				
<p>NON-WARRANTABLE CONDOS</p>	<table border="1"> <tr> <td>Products</td> <td>PLUS Connect PLUS Connect FLEX Connect</td> </tr> <tr> <td>Max LTV</td> <td>PLUS Connect - 70% PLUS Connect FLEX Connect – 70%</td> </tr> <tr> <td>Presale</td> <td>At least 30% of the units must be sold or under bona fide contract</td> </tr> <tr> <td>Investor Concentration</td> <td>Up to 55% of units can be tenant occupied</td> </tr> <tr> <td>Single Entity Ownership</td> <td>A single entity can own up to 30% of units</td> </tr> <tr> <td>Non-Material Litigation</td> <td>Slip and fall/single unit complaints/3rd party claims with adequate reserves</td> </tr> <tr> <td>Insurance Coverage</td> <td>Exceptions to Fannie Mae minimum coverage requirements</td> </tr> <tr> <td>Reserves</td> <td><10% replacement, maintenance, and/or deductible</td> </tr> <tr> <td>Ineligible</td> <td> <ul style="list-style-type: none"> Material Litigation: Structural/Functional litigation against developer Delinquent HOA: In excess of Fannie Mae 15% limit Newly Converted: Non-full gut rehabs </td> </tr> </table>		Products	PLUS Connect PLUS Connect FLEX Connect	Max LTV	PLUS Connect - 70% PLUS Connect FLEX Connect – 70%	Presale	At least 30% of the units must be sold or under bona fide contract	Investor Concentration	Up to 55% of units can be tenant occupied	Single Entity Ownership	A single entity can own up to 30% of units	Non-Material Litigation	Slip and fall/single unit complaints/3rd party claims with adequate reserves	Insurance Coverage	Exceptions to Fannie Mae minimum coverage requirements	Reserves	<10% replacement, maintenance, and/or deductible	Ineligible	<ul style="list-style-type: none"> Material Litigation: Structural/Functional litigation against developer Delinquent HOA: In excess of Fannie Mae 15% limit Newly Converted: Non-full gut rehabs 		
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<p>CONDOTELS</p>	<p>Note: Condotels are considered non-warrantable condos and must adhere to the above non-warrantable condo project requirements if not specifically addressed below.</p> <table border="1"> <tr> <td>Products</td> <td>PLUS Connect Only</td> </tr> <tr> <td>Max LTV/CLTV</td> <td>Max 65% LTV/CLTV</td> </tr> <tr> <td>Occupancy</td> <td>Investment Only</td> </tr> <tr> <td>Max Loan Amount</td> <td>\$1,500,000</td> </tr> <tr> <td>Commercial Space</td> <td>Max 50%</td> </tr> <tr> <td>Investor Concentration</td> <td>No limits</td> </tr> <tr> <td>Rental Income</td> <td>Rental income may not be used for qualifying</td> </tr> <tr> <td>Timeshares</td> <td>Not allowed</td> </tr> <tr> <td>Property Requirements</td> <td> <ul style="list-style-type: none"> Property must be in a resort area or vacation area typically located in large cities and tourist destinations. Property should be within close (walking or very short drive) proximity of other hotels and condos as well as the ocean, ski mountain, lake, etc. Housekeeping, front desk, card key access and daily rentals allowed Minimum of 500 square feet and unit must have a fully functioning kitchen </td> </tr> <tr> <td>Pricing</td> <td>Loan must be locked as a condotel with applicable pricing hits applied</td> </tr> </table>		Products	PLUS Connect Only	Max LTV/CLTV	Max 65% LTV/CLTV	Occupancy	Investment Only	Max Loan Amount	\$1,500,000	Commercial Space	Max 50%	Investor Concentration	No limits	Rental Income	Rental income may not be used for qualifying	Timeshares	Not allowed	Property Requirements	<ul style="list-style-type: none"> Property must be in a resort area or vacation area typically located in large cities and tourist destinations. Property should be within close (walking or very short drive) proximity of other hotels and condos as well as the ocean, ski mountain, lake, etc. Housekeeping, front desk, card key access and daily rentals allowed Minimum of 500 square feet and unit must have a fully functioning kitchen 	Pricing	Loan must be locked as a condotel with applicable pricing hits applied
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APPRAISAL REQUIREMENTS/ APPRAISAL REVIEWS	PRIME Connect	Loan amount ≥ \$2,000,000 and >65% LTV/CLTV - 2 full appraisals
	PLUS Connect	1 Full appraisal required for all transactions
	FLEX Connect	Follow applicable credit grade (PRIME Connect or PLUS Connect) appraisal requirements.
		All appraisals require a third-party desk review <ul style="list-style-type: none"> • For CU scores ≤ 2.5 – no additional review is required
	<ul style="list-style-type: none"> • HPML flips require 2nd full appraisal • All appraisals require a desk review with a +/-5% of original value from one of the following approved TPR valuation vendor: <ul style="list-style-type: none"> - Servicelink - Summit Valuations - Clear Capital - Pro Teck • Transferred appraisals acceptable • When two (2) full appraisals are required, a separate product review is not required. Lowest value of the two appraisals is used as subject property value. 	
RESIDUAL INCOME	<ul style="list-style-type: none"> • HPML requires Residual Income: <ul style="list-style-type: none"> - 1 person - \$1550 - 2 persons - \$2500 - Add \$150 per additional household member • Not required on Non-Owner Properties or ASSET Connect • A variance of 20% is allowed with documented compensating factors • FLEX Connect – Per FNMA/DO®/DU® 	
ESCROWS	Required for HPML loans per CFPB	
SUBORDINATE FINANCING	<ul style="list-style-type: none"> • Allowed behind Fixed and Institutional Financing Only, Primary Residence Only • FLEX Connect – Follow FNMA/DO®/DU® 	
PAYMENT SHOCK	<ul style="list-style-type: none"> • Max 300% for FTHB. Not applicable for ASSET Connect • FLEX Connect – Follow FNMA/DO®/DU® 	
PREPAYMENT PENALTY (INVESTMENT PROPERTIES)	<ul style="list-style-type: none"> • Applies to all Investment Properties – PRIME Connect, PLUS Connect, FLEX Connect • Hard Prepayment penalties are required on investment property transactions when permissible by state law • Standard Prepayment Penalty Term – Minimum 1 year (see rate sheet for details) 	